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1. The Soviet DDSG Shipping Company is under the general supervision of the Soviet Ministry for Inland Shipping Outside the USSR, with headquarters in Moscow. The person who handles all nautical matters for this Ministry is Kuprianov (fnu), believed to be a deputy minister; he is authorized to make decisions outside of Moscow without prior clearance from the Ministry.<sup>1</sup> This Ministry formerly had jurisdiction over the Soviet interests in Sovrom and Meszhart, and still controls the SDGP (Sovetskoye Dunaiskoye Gosudarstvennoye Parokhodstvo) and Inflat, the Soviet Shipping agency with headquarters in Odessa and branches in Bucharest and Budapest. The director of the Soviet DDSG is Ivan Kononov.<sup>2</sup>
2. The Planning Section of the Soviet DDSG, which is entirely staffed with Russians, submits at the end of the second quarter of each year a budget estimate to Moscow. Before the budget is submitted to Moscow, the planning sections usually make cuts in the estimates submitted by the various departments of the Soviet DDSG. The one Soviet DDSG department whose budget can be changed by Moscow only is that which handles personnel strength and wages. After Moscow has approved the budget, an account for the approved yearly expenditures is set up by the Soviet Military Bank in Vienna, in Austrian schillings. Once the account is established, disbursements within the amounts authorized for each major item may be made. To obtain approval from Moscow for budget amendments requires several months. Approval to transfer surplus amounts from one item of the account to another, however, takes only one month.
3. The Soviet DDSG is not paid in cash for hauling goods to the USSR or Satellite countries, but is credited with its earnings under a clearing arrangement with Sovfracht, whose headquarters is at Moscow. For example, the Soviet DDSG is debited about 60,000 to 70,000 schillings when another company's tug hauls an empty DDSG barge from Vienna to Reni. The barge returning from Reni to Hungary with a full load of bauxite earns a credit of about 100,000 to 120,000 schillings. At the end of the year, Sovfracht clears and balances all transactions between Soviet-controlled companies, e.g. Inflat, Soviet DDSG and SDGP, as well as participating companies, e.g. Mahart and Navrom. Sovfracht calculates all transactions in rubles, at a rate established separately for each currency involved. The Sovfracht clearing rate for Austrian schillings is two schillings to one ruble,

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which is believed to be a rough approximation of purchasing power parity.

4. As of April 1955, the Soviet DDSG was the only shipping company allowed to earn schilling balances; all others were instructed that they would have to accept ruble credit balances with Sovfracht. Mahart, which would not accept this arrangement, has offered to rent its tankers to the Soviet DDSG for use in the Vienna-Reni traffic. Earned schilling credits from this rental would be earmarked for Mahart repairs at the Korneuburg shipyards. Ivan Kononov, of the Soviet DDSG, visited Budapest on 8 and 9 April, to negotiate the details of this proposal, but it is rumored that the matter will not be further pursued in view of the probably short duration of Soviet control over the Soviet DDSG.<sup>3</sup>

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- 1 Comment. In 1950, Kuprianov was Soviet director of the SRT in Bucharest. Shortly thereafter, Kuprianov went to Moscow to take his present position.

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- 3 Comment. On about 1 April, Mahart had completed payment to the Soviet DDSG for sizable expenditures in the construction of the Mahart vessel "Komaron" and a floating repair dock recently completed at the Korneuburg shipyards. Mahart wants the Korneuburg shipyards to install the motor in a sister ship of the "Komaron", whose hull is being completed in Budapest. Mahart estimated that it would spend, during 1955/56, several million schillings for repair and construction work at Korneuburg.

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